

## **General Government Appropriations Committee**

### **Department of Administration**

### **E-Commerce Fund**

**March 12, 2015**

#### **o Source of funds**

The State's E-Procurement system is supported through a public/private partnership utilizing a self-funding business model which requires no cash investment by the State. A fee was established to pay for the system. The 1.75% fee is applied only to goods purchased through the system. The vendors pay the fee.

#### **o Balance of the fund**

As of February 2015, the balance was \$-7.8m. Payments for software for e-procurement, e-sourcing of ITS maintenance contracts and storage, training, and e-commerce web enhancements planned for FY14-15 have not been made yet. These are anticipated to total approximately \$2,875,000. These have been approved through the Department of Administration (DOA), the Office of Information Technology Services (ITS), and the Office of State Budget and Management (OSBM).

#### **o What is the origin of the fee and what would be the effects of changing the fee?**

Prior to the initiation of the E-Procurement Project, a due diligence study was conducted by the Department of Administration (DOA), the Office of Information Technology Services (ITS), and the Office of the State Controller (OSC). The due diligence study evaluated funding models and software solutions for an E-Procurement Service. Through that study, the State decided to implement Ariba software and to leverage a self-funding business model in which vendors pay a fee for certain sales to State entities completed through the E-Procurement Service, as allowed by G.S. 66-58.12.(b). Since the E-Procurement System went live in October 2001, the 1.75% fee has been charged on goods purchased through the system which in turns

covers the cost of running and maintaining the system with personnel, software, hardware, training, e-procurement enhancements and other related e-commerce activities approved by OITS, OSMB, and the Joint Legislative IT Oversight Committee.

Changes to the fee could include reducing the fee on goods but applying it to services in addition to goods. Reducing the fee below costs would results in the need for new appropriations of General Fund money.

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### **Motor Fleet Management**

**March 12, 2015**

- **Please discuss the impact of the appropriation from last session to bring the replacement schedule in line with industry standards.**

Motor Fleet was able to purchase almost 1500 replacement vehicles for various agencies across the state last year and has ordered over 700 this year so far. This was a great start to begin replacing all high mileage, aging vehicles but we knew it would take several years to get back to the statutory provision of 125,000 mile replacement. Our goal has been to target vehicles over 150,000 miles and we specifically targeted DPS to make sure all DPS vehicles are under this mileage threshold.

After the buy in 2015 we will accomplish this for DPS and if funding allows we will have a final order in 2015 to complete the 150,000 vehicle goal for all agencies. The next step is to reduce all vehicles to under 125,000 miles and to replace all unsafe, high maintenance vehicles even if under 125,000 miles. There will be 830 vehicles remaining over 125,000 in the fleet after this year's buy. We are implementing an industry standard, data driven replacement schedule model to ensure vehicles stay properly replaced at the optimal levels if we can continue the funding necessary.

- **Vendor proposal to place tracking software in state vehicles**

Telematics has been under review by MFM for many months and with many vendors. The technology is beneficial but it is very expensive as some vendors have one time upfront costs, plus monthly and other allow lease arrangements without upfront costs. Program Evaluation is doing a study on the Cost/Benefit Analysis and the ROI anticipated to determine if we should proceed or not or to do a partial, random implementation versus every vehicles. Either way if we proceed it will be competitively bid out for all vendors to bid on.



North Carolina Department of Administration

# Eugenics Compensation Program

Joint Appropriations Committee on General Government



# Session Law 2013-360 and Session Law 2014-100



- Participating Agencies:
  - Dept. of Admin/JSV Office- receive claims, advocacy, research
  - Dept. of Commerce/Industrial Commission- claim certification
  - Office of the State Controller- payment issuance
- *\$10,000,00* to be divided equally among certified victims
- Key Dates:
  - 6/30/2013- Victim Must Have Been Alive
  - 6/30/2014- Victim Must File a Claim Form with JSV Office
  - 9/23/2014- last day to submit additional information to JSV Office
  - 9/30/2014 - all Claims forwarded to Industrial Commission
  - "10/31/2014- Initial Payments sent to Qualified Recipients
  - 6/30/2015- Justice for Sterilization Victims Office closed
  - Final Payment will be issued after the final appeal has been resolved

# Statistics



Statistics (prior to Session Law 2013-360)	Quantity
Estimate of NC Eugenics Program Sterilizations between 1939 and 1974	7,600
Estimate of Living Victims (from Jan 2012 Task Force Report)	1,500-2,000
Previous Contacts to the JSV Office (prior to 7/2013}	850+
Previous Searches Resulting in a "Record Found"	196
Therein: Living Victims of Previous "Records Found" (at 4/2013}	175



# Outreach Program

- Letters to 800+ previous claimants
- Calls and Letters to all returned mail claimants and those who filed incomplete claims
- JSV brochure distribution across NC (>1,400 DHHS and Other Agencies)
- Interviews: Television, Radio and Newspaper
- Website updates
- Press Releases
- UNC Center for Civil Rights
- NC Bar Association- Elder Law and Estate Planning

North Carolina  
Department of Administration



Youth Advocacy and Involvement Office  
*Continuation Review*

March 2014



# Executive Summary

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This report is offered in response to Session Law 2013-360, Section 30.0 requiring a continuation review of the Youth Advocacy and Involvement Office.

The Youth Advocacy and Involvement Office (YAIO) creates a better tomorrow by focusing on children and youth today. Its mission is to enhance the quality of lives of children and youth through leadership development and experiential education. To this end, YAIO provides the following primary services and programs to the citizens of North Carolina:

- **NC State Government Internship Program** (§ 143B-417-419)
- **State Youth Council Program**(§ 143B-387) including the Youth Legislative Assembly and the Mini-Grant Program
- **Students Against Destructive Decisions Program (SADD)**

YAIO has been studied and received favorable feedback from the Program Evaluation Division (2011) and the Office of State Budget and Management (2009). The 2013-2015 Governor's Budget recommended restoration of \$30,000 of YAIO's operating funds previously reduced in the FY 11-12 state budget. Information about YAIO programs and services is available at [www.ncyao.com](http://www.ncyao.com).

YAIO is a small office, consisting of five FTEs with a state appropriated operating budget of approximately \$534,000. **For the cost of \$534k, YAIO provides over \$1.0M in support for state agencies.** This is achieved through providing centralized services and the collection of revenue through fundraising and receipts. (See Appendix B for Budget Efficiencies)

## Programs, Measures and Outcomes

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The Youth Advocacy and Involvement Office has a strong history of providing results based, data-driven programs and services.

- For 44 years, the **NC State Government Internship Program** has placed college, law and graduate students in paid internships in state government agencies. While interns have helped build a more efficient and effective state government, the program has also created an opportunity for the best and brightest NC students to view the State of North Carolina as an employer of choice. For three consecutive years, YAIO processed between 400-500 applications for the NC State Government Internship Program. ***Over 98% of students and state agencies participating in the program were highly satisfied with their internship experience and reported that the program was a success.*** Program alumni have returned to public service in roles including the NC Commissioner of Insurance, members of the NC House and directors of State Government Agencies. The program has a statewide reach. In 2013, applications were received from students in 69 counties and in 2014 applications were received from students in 75 counties.

- For 48 years, the **State Youth Council** has provided opportunities for youth to learn leadership skills through participation in local government and the Youth Legislative Assembly. The SYC develops strong youth leaders who are engaged in community service. The program supports five youth leadership conferences annually. ***Over 650 youth are trained annually with a 95% satisfaction rating.*** The conferences are supported by receipts. No state funds are used to support the conferences; however, YAI0 collects contributions for and administers an Endowment Fund which assists with funding support for the conferences. Program alumni have returned to public service in roles including the NC Commissioner of Insurance, DOA Attorney (Bill Peaslee) and District Court Judges (Vincent Rosier). Students from over 60% of North Carolina's counties participate in the State Youth Council Programs.
- For 37 years, YAI0 has supported public and private organizations that involve youth in meeting their community service goals through the **Mini-Grant Program**. The Mini-Grant Program provides youth with an opportunity to develop program ideas, write grant proposals and implement defined program objectives in their communities. In 2013, eighteen mini-grants totaling \$6,292 were provided to youth organizations across the state. Addressing local problems as identified by youth, mini-grants target important community issues such as academic achievement, the needs of youth in foster care or homeless populations and enhancing youth safety.
- For 32 years, the **Students Against Destructive Decisions Program (SADD)** has provided research based peer education and prevention programming to youth throughout the state. The program consists of over 300 SADD chapters in middle schools, high schools and colleges. SADD promotes projects and initiatives that aid in reducing teen traffic injuries and fatalities, reducing crime, lowering substance abuse, decreasing teen pregnancy, reducing teen suicide attempts and reducing domestic violence. ***100% of the youth responding to the annual survey reported that participation in the SADD programming helped them practice positive behavior.*** Critical issues impacting our youth are on the decline including youth tobacco use and teen pregnancy. SADD chapters are present in approximately 95 of North Carolina counties.

**General Government Presentation**  
**State Construction's Role**  
**Repair and Renovations Process**  
**3/12/2015**

The State Construction Office has the responsibility for the overall coordination and management for implementation of the State's Capital Improvement Program. This involves qualification based selection of architects and engineers, reviewing plans and specifications to meet state standards and the NC Building Code, awarding of all construction contracts, mediation of disputes among contractors and owners, and inspection of construction and acceptance on behalf of the State.

Presently, we have projects that we are managing in one stage or another of construction totaling approximately \$1.5 billion.

Two of the major manpower areas in our office are attributed to Design Reviews and Project Monitoring and Inspections. In 2014, our Design Review section reviewed 1440 project (AP, SD, DD, CD, FD, IGA) and incidental review (Shop drawings, addendums, VE's, AM&M & fire protection submittals) packages. Our documented turn-around time is 60 days. We were able to maintain at about a 95% confidence level a 45 day turn-around. We were able to achieve this due to the majority of the engineering positions being filled.

Keeping a 100% staffing level is critical for us to maintain our review times. This was a problem for us during the last bond referendum. We had a large turnover rate with our engineers, some of the best talent when it comes to building codes and practical design, left for higher paying jobs with engineering firms in the private sector. We had a huge difficulty and still do even during the recent recession, hiring qualified engineers and architects for the amount that we pay. Most of our position advertisements require 4 to 6 postings, with many times us receiving 0 qualified applicants. Often the ones we do interview and offer a position to, reject the offer due to the low salary we can offer them. I would see this as a huge area of concern as we move forward with a possible construction bond.

The use of technology is an area we definitely need to expand on. With a limited budget we have not been able to grow the use of technology in our office. Projects are now using Building Information Modeling to catch as many coordination issues on paper before construction starts. Even after construction begins, building information modeling is used to ensure the contractor is properly following the plans

and specifications. Through this use of technology, inspections are real time and more thoroughly documented.

In summary, the areas of impact specifically for SCO if a construction bond was to move forward:

Staffing levels- the need to increase staff to maintain our established, current turnaround times and to efficiently and effectively monitor and inspect the projects across the state.

Salaries - the need to increase salaries to retain and hire qualified personnel to meet the instant demands of critical workloads.

Technology - To increase the speed of reviews and inspections, invest in technology such as iPads, software, and larger screens for electronic review submissions.

To cover these additional costs language needs to be added similar to the University Bond Bill in 2000 that allowed a percentage of the bond to be used for administrative purposes (i.e. temporary staff, etc.).

## **Project Phoenix Presentation**

For many years, the State's capital improvement program involving both new construction and repairs and renovations has been a model of inconsistency. Funds for repairs and renovations have been unpredictable and sporadic in nature. Some years agencies and institutions get funds; other years nothing. As a result, facilities have fallen further and further behind in needed repairs. It is simply difficult for facility managers to make any plans. In addition, there has not been an organized and consistent approach to prioritizing construction of new facilities. Funding for these projects have been largely decided on a one-off basis.

Project Phoenix recognizes that the long term lack of attention to the upkeep and maintenance of State facilities on the part of previous administrations has left many in deplorable condition, requiring an increasing and expensive number of repairs. Just like the oil filter commercial from several years ago, "You can pay me now or pay me later."

Needless to say, if state employees were surveyed regarding the condition of their work space most would give their buildings a low quality index.

This is certainly no way to plan and expend taxpayer resources in an efficient manner. As a result, Gov. McCray recognized the need for a good, sound asset management approach in dealing with state facilities and bring order into a sometimes chaotic funding and prioritization process. This initiative has become known as Project Phoenix.

The goal of Project Phoenix is to "maximize and enhance the State's existing real estate infrastructure by providing a contemporary, efficient, safe and productive work space environment for the employees while helping to support the growth of the communities in which its properties are located."

The objectives are simple and straightforward. Project Phoenix includes maximizing the State's existing real estate infrastructure, creating an efficient, appealing, and productive work environment for State employees, consideration of financing and financial alternatives and helping to support the growth of the communities in which its properties are located through attractive, mixed-use urban and suburban architecture and, most importantly, realizing future cost savings.

At the core of Project Phoenix is the **Real Estate and Capital Improvement Needs Study**. This will be a complete study and analysis of the existing real estate portfolio and making recommendations, possibly to include renovation, redevelopment, restacking, new development, and the sale, lease or refinancing of State-owned properties. The contract is signed with an intense and aggressive three month period to complete the study. The project will include both the main State government complex in central Raleigh and selected State-owned assets in other locations throughout the State.

The scope of work includes:

An evaluation and prioritization of State agency and institution six-year capital needs request from a statewide perspective formulating a comprehensive and singular strategic approach for implementation.

Analysis of the FCAP reports and data in the context of cost associated with quality upgrades or modernization of facilities for improvements to contemporary standards creating an efficient, appealing, and productive work environment for State employees.

Identify facilities that would be suitable for repurposing, sale or lease.

Evaluation of each agency's six-year capital needs request from an overall statewide standpoint of duplication of facility usage and potential collocation of services and functions.

Evaluation of opportunities to reduce agency and/or State occupancy cost through consolidation, relocation, reconfiguration, capital investment and the acquisition or disposition of state-owned space.

Identification and evaluation of projects or bundle of projects, either new construction or renovation, that are possible candidates and could be considered for Public-Private Partnerships.

The Department has already "jump started" Project Phoenix with a funded project for the complete renovation and modernization of the Albemarle Building. This total renovation of the Albemarle Building, ready for occupancy by October 2016, will serve as a demonstration of the enhancement and modernization potential of state-owned space consistent with the stated goal. The site should be fenced in very soon with major construction activity schedule to begin in April 2015.

This is a very exciting time to be associated with the design and construction industry as the State looks ahead to get its building facilities and infrastructure back in shape where it should be. The Project Phoenix initiative will create new and creative opportunities.